

Watch out
for **TAX**
TRAPS!



California State Board of Equalization



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GEORGE RUNNER

VICE CHAIR, 1ST DISTRICT

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California is home to hundreds of thousands of small businesses, each critical to the state's economy. California cannot succeed without the jobs that prospering businesses create.

To be successful, small business owners like you must comply with many complicated and confusing tax laws. Understanding these laws will help you avoid costly tax mistakes.

Please review the information in this brochure and online. If you need assistance, call the phone number listed below.



500 Capitol Mall, Suite 1750
Sacramento, CA 95814-4470
Telephone: 916-445-2181
Fax: 916-327-4003

Avoid These Tax Mistakes

Missing Records—Retain business records for eight years. When business owners do not keep accurate records government auditors may estimate a tax liability. Challenging such estimates is difficult without proper records.

Successor Liability—Request a tax clearance from the BOE before buying a business to avoid inheriting the seller's unpaid taxes, interest, and penalties. Receiving a surprise tax bill as a result of "successor's liability" can be avoided by taking this preventative measure.

Insufficient Payments—Deposit collected sales and use tax in a separate account to help ensure you have the funds necessary to make full, timely payments. The BOE can hold business owners, employees, and others involved in the operation of a business personally liable for any unpaid sales tax obligation.

Underreporting of Tax—Get advice in writing from the BOE if you are unsure if sales or use tax is owed on your sales and purchases. Keeping this letter with your business records may limit your tax liability if you are audited. Verbal advice is not legally binding.

Invalid Resale Certificates—Ensure you have a valid resale certificate when selling tangible personal property for resale. Proving that property was sold for resale can be difficult without a valid resale certificate.

Learn more at
www.boe.ca.gov/smallbiz



Taxes can cause problems for even the most savvy business owner. Fill out the card below to get more information to help you avoid common tax mistakes.

Yes, I would like more information about tax help for **small businesses**.

First Name _____ Last Name _____

Address _____

City/State/Zip _____

Daytime Phone _____

Email _____

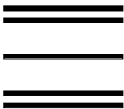
Cut this card on the dotted line, attach postage, and mail. *Privacy Statement:* Your contact information will not be shared. It will only be used to periodically inform you of important policy issues.





Free tax help is available for small business owners.

Postage
Required
Post Office will
not deliver
without proper
postage.



Return Address:

GEORGE RUNNER
Vice Chair, 1st District
California State Board of Equalization
500 Capitol Mall, Suite 1750
Sacramento, CA 95814-4740



Many types of small businesses face similar tax difficulties.

Should you have a problem, please contact the Board of Equalization for assistance.



Free tax help for
small business owners
www.boe.ca.gov/smallbiz